

WAUBONSIE MENTAL HEALTH CENTER
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2013 AND 2012

WAUBONSIE MENTAL HEALTH CENTER

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WAUBONSIE MENTAL HEALTH CENTER

Officials
June 30, 2013

<u>Board of Directors:</u>	<u>Address</u>	<u>Term Expires</u>
Kirk Requist, Chairperson	Stanton, Iowa	2014
Elaine Armstrong, Vice-Chairperson	Clarinda, Iowa	2013
Dawn Hough, Secretary (Resigned May, 2013)	Clarinda, Iowa	
Thomas Clark, Secretary/Treasurer	Tabor, Iowa	2013
Randy Hickey	Thurman, Iowa	2015
Sharon Yahnke	Sidney, Iowa	2015
Marjorie Pugh (Resigned November, 2012)	Clarinda, Iowa	
Rex Galloway	Villisca, Iowa	2013
Randy Tye	Elliott, Iowa	2013
Nancy Jaeckel	Essex, Iowa	2015
Ray James (Appointed September, 2013)	Clarinda, Iowa	2015

Executive Director:

Mary Anne Gibson	Coin, Iowa
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Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waubonsie Mental Health Center
Clarinda, Iowa

Report on the Financial Statements

We have audited the accompanying statements of financial position of Waubonsie Mental Health Center as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waubonsie Mental Health Center as of June 30, 2013 and 2012, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Waubonsie Mental Health Center

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Waubonsie Mental Health Center's basic financial statements. The supplementary information on pages 1 and 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2013 on our consideration of Waubonsie Mental Health Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Gmewoll, Ben, Kyhn & Co. P.C.

Atlantic, Iowa
October 28, 2013

WAUBONSIE MENTAL HEALTH CENTER
Statements of Financial Position
June 30,

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash	\$ 317,840	\$ 285,772
Certificates of deposit	499,984	495,484
Client receivables, less allowances for doubtful accounts and contractual adjustments (\$152,000 in 2013 and \$96,000 in 2012)	157,923	125,605
Other receivables	18,801	40,083
Estimated third-party payor settlements	550,000	420,000
Prepaid expense	<u>774</u>	<u>651</u>
Total current assets	1,545,322	1,367,595
Property and Equipment, Net	<u>47,093</u>	<u>62,865</u>
Total assets	<u>\$ 1,592,415</u>	<u>\$ 1,430,460</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 2,239	\$ 17,032
Accrued employee compensation	<u>67,534</u>	<u>67,658</u>
Total current liabilities	69,773	84,690
Net Assets:		
Unrestricted	<u>1,522,642</u>	<u>1,345,770</u>
Total liabilities and net assets	<u>\$ 1,592,415</u>	<u>\$ 1,430,460</u>

The accompanying notes are an integral part of these statements.

WAUBONSIE MENTAL HEALTH CENTER
Statements of Activities and Changes in Net Assets
Year ended June 30,

	<u>2013</u>	<u>2012</u>
Support and Revenue:		
Support:		
Support from participating counties	\$ 64,277	\$ 62,275
Grants	<u>79,677</u>	<u>56,236</u>
Total support	143,954	118,511
Revenue:		
Client fees, net	1,432,593	1,174,921
Other revenue	<u>12,438</u>	<u>13,063</u>
Total revenue	<u>1,445,031</u>	<u>1,187,984</u>
Total Support and Revenue	1,588,985	1,306,495
Expenses:		
Operating expenses	1,402,062	1,122,378
Provision for depreciation	<u>15,772</u>	<u>16,709</u>
Total expenses	<u>1,417,834</u>	<u>1,139,087</u>
Operating Income	171,151	167,408
Other Support and Gains:		
Interest income	5,221	6,590
Contributions	500	30,600
Loss on disposal of assets	<u>--</u>	<u>(328)</u>
Other support and gains	<u>5,721</u>	<u>36,862</u>
Increase in Unrestricted Net Assets	176,872	204,270
Net Assets, Beginning of Year	<u>1,345,770</u>	<u>1,141,500</u>
Net Assets, End of Year	<u>\$ 1,522,642</u>	<u>\$ 1,345,770</u>

The accompanying notes are an integral part of these statements.

WAUBONSIE MENTAL HEALTH CENTER
Statements of Cash Flows
Year ended June 30,

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from clients, third party payors, and contracting agencies	\$ 1,270,275	\$ 903,178
Cash paid to suppliers and employees	(1,417,102)	(1,061,580)
County support received	64,277	62,275
Grants received	100,959	50,376
Interest income	5,221	6,590
Contributions received	500	--
Other operating revenue	<u>12,438</u>	<u>13,063</u>
Net cash provided by (used in) operating activities	36,568	(26,098)
Cash flows from investing activities:		
Capital expenditures	--	(1,095)
Additions to certificates of deposit	(4,500)	(5,449)
Proceeds on sale of equipment	--	483
Net cash used in investing activities	<u>(4,500)</u>	<u>(6,061)</u>
Net increase (decrease) in cash	32,068	(32,159)
Cash beginning of year	<u>285,772</u>	<u>317,931</u>
Cash end of year	<u>\$ 317,840</u>	<u>\$ 285,772</u>

(continued next page)

WAUBONSIE MENTAL HEALTH CENTER
Statements of Cash Flows - Continued
Year ended June 30,

	<u>2013</u>	<u>2012</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 176,872	\$ 204,270
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Provision for depreciation	15,772	16,709
Gain on disposal of assets	--	328
Change in assets and liabilities		
Accounts receivable	(141,036)	(272,653)
Prepaid expense	(123)	(43)
Accounts payable	(14,793)	14,851
Accrued employee compensation	(124)	15,390
Deferred grant revenue	--	(4,950)
Total adjustments	<u>(140,304)</u>	<u>(230,368)</u>
Net cash provided by (used in) operating activities	<u>\$ 36,568</u>	<u>\$ (26,098)</u>

Non-Cash Transactions:

The Center also incurred the following non-cash transactions in addition to the transactions reflected in the reconciliation of change in net assets to net cash provided by (used in) operating activities.

	<u>2013</u>	<u>2012</u>
Donated office supplies	<u>\$ --</u>	<u>\$ 30,600</u>

The accompanying notes are an integral part of these statements.

WAUBONSIE MENTAL HEALTH CENTER
Notes to Financial Statements
June 30, 2013 and 2012

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

1. Nature of Activities

The Waubonsie Mental Health Center is an Iowa not-for-profit corporation operating under Chapter 230A of the Code of Iowa and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center is established to provide a comprehensive community mental health program for the diagnosis and treatment of psychiatric and psychological disorders and to promote the prevention of mental illness. The Board includes a representative from the County Board of Supervisors of each of the three counties in the service area (Fremont, Montgomery and Page counties). Each of these members serve an annual term. The six remaining members of the Board of Directors serve three year terms and are selected by the existing Board.

2. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Client Receivables

Client receivables are shown at the amount expected to be collected from clients and other third-party payors. The allowance for doubtful accounts is based on an aging of all the individual client balances. The allowance for contractual adjustments is based on the difference between the Center's normal fees and expected government program and insurance payments.

WAUBONSIE MENTAL HEALTH CENTER
Notes to Financial Statements
June 30, 2013 and 2012

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

5. Unrestricted Revenues and Support

- a. Fees from clients are recorded at list price with adjustments based upon ability to pay and government program and insurance limitations deducted to arrive at net fees from clients. Medicaid services are reimbursed based on a cost reimbursement methodology. The Center is reimbursed for these services at a tentative rate with a final settlement determined after submission and review of an annual cost report. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
- b. Fees from participating counties are based on the Center's annual budget and are allocated among the counties based on their relative usages and populations.
- c. Grant revenues are for specific programs provided by the Center and are recognized as income when grant requirements have been satisfied.

6. Property and Equipment

Property and equipment is stated at cost. The Center computes depreciation on equipment and vehicles using the straight-line method. Lives range from five to ten years for equipment and leasehold improvements and five years for vehicles.

7. Capital Leases

Leases which meet certain criteria are classified as capital leases, and assets and liabilities are recorded at amounts equal to the lesser of the present value of the minimum lease payments or the fair value of the leased properties at the beginning of the respective lease terms. Such assets are amortized evenly over the related lease terms or their economic lives with the amortization expense being included in the provision for depreciation. Interest expense relating to the lease liabilities is recorded to effect constant rates of interest over the terms of the leases.

8. Charity Care

The Center provides care to clients who meet certain criteria under its charity care policy at amounts less than its regular rates. Revenue from services to these clients is recorded as indicated in 5. above. These reductions are recorded as adjustments to fees from clients.

WAUBONSIE MENTAL HEALTH CENTER
Notes to Financial Statements
June 30, 2013 and 2012

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE B - THIRD-PARTY PAYOR ARRANGEMENTS

A summary of the payment arrangements with major third-party payors follows:

Medicaid - Certain services are paid based on a cost reimbursement methodology. The Center is reimbursed for the cost of services at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the fiscal intermediary. The Center's Medicaid cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2012. However, finalized cost reports are subject to re-opening by the intermediary.

The Center also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE C - PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation by major category at June 30 are as follows:

	<u>2013</u>	<u>2012</u>
Automobiles	\$ 72,999	\$ 72,999
Office Equipment and Leasehold Improvements	<u>194,906</u>	<u>216,742</u>
	267,905	289,741
Less Accumulated Depreciation	<u>220,812</u>	<u>226,876</u>
	<u>\$ 47,093</u>	<u>\$ 62,865</u>

Rent expense for office space and transitional living program housing under cancelable operating leases totaled \$47,441 for the year ended June 30, 2013 (\$40,940 for June 30, 2012).

WAUBONSIE MENTAL HEALTH CENTER
Notes to Financial Statements
June 30, 2013 and 2012

NOTE D - FUNCTIONAL EXPENSES

Following is a summary of expenses classified by function:

	<u>2013</u>	<u>2012</u>
Client Services	\$ 1,285,456	\$ 995,100
Management and General	<u>132,378</u>	<u>143,987</u>
	<u>\$ 1,417,834</u>	<u>\$ 1,139,087</u>

NOTE E - RETIREMENT PLAN

The Center offers a 403(b) retirement plan in which the Center contributes five percent of an eligible individual's gross wages, limited to \$40,000, to the plan. All full-time staff with two months of employment and who are over eighteen years of age are included in the plan. Total contributions made by the Center for the year ended June 30, 2013 were \$31,345 (\$25,662 for 2012).

NOTE F - CONTINGENCIES

Risk Management

The Center is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Management believes that the malpractice insurance coverage is adequate to cover all asserted and any unasserted claims, therefore no related liability has been accrued. Waubonsie Mental Health Center is exposed to various other common business risks for which it is covered by commercial insurance. Settled claims from these risks have not exceeded insurance coverage for the past three years.

Commitment

The Center has committed to the purchase of a new server at a cost of approximately \$20,800, and to the purchase of electronic medical records software at a cost of approximately \$71,300. These purchases will be funded with internally generated funds.

Economic Dependency

The Center received approximately 21 percent of its total support and revenue from Fremont, Montgomery and Page counties in 2013 (20 percent in 2012).

Subsequent Events

The Center has evaluated all subsequent events through October 28, 2013, the date the financial statements were available to be issued.

WAUBONSIE MENTAL HEALTH CENTER
Notes to Financial Statements
June 30, 2013 and 2012

NOTE G - CONCENTRATION OF CREDIT RISK

The Center grants credit without collateral to its clients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2013 and 2012, was as follows:

	<u>2013</u>	<u>2012</u>
Medicaid	13%	38%
Other third-party payors and patients	<u>87</u>	<u>62</u>
	<u>100%</u>	<u>100%</u>

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SUPPLEMENTARY INFORMATION

WAUBONSIE MENTAL HEALTH CENTER
Revenues and Support
Year ended June 30,

<u>Client Fees</u>	<u>2013</u>	<u>2012</u>
Self Pay and 3rd Party Insurance	\$ 754,256	\$ 394,119
Title XIX	907,686	775,921
Counties	<u>271,653</u>	<u>195,901</u>
Gross Client Fees	1,933,595	1,365,941
Less:		
Contractual Adjustments	500,802	190,742
Provision for bad debts	<u>200</u>	<u>278</u>
	<u>501,002</u>	<u>191,020</u>
Net Client Fees	<u>\$ 1,432,593</u>	<u>\$ 1,174,921</u>
 <u>Support from Participating Counties</u>		
Fremont	\$ 7,500	\$ 9,000
Montgomery	26,275	28,775
Page	<u>30,502</u>	<u>24,500</u>
	<u>\$ 64,277</u>	<u>\$ 62,275</u>

See Independent Auditor's Report.

WAUBONSIE MENTAL HEALTH CENTER

Operating Expenses

Year ended June 30,

	<u>2013</u>	<u>2012</u>
General Operating:		
Administrative salaries	\$ 26,361	\$ 30,509
Therapists salaries	453,702	393,059
Clerical salaries	181,636	140,435
Psychiatric consultation	249,730	82,040
Employee benefits	122,534	103,874
Payroll tax expense	56,693	47,563
Audit, accounting, and legal fees	11,248	18,836
Other professional fees	29,149	30,197
Office supplies	16,946	53,954
CSP program expenses	2,008	2,338
Telephone	10,380	8,966
Emergency communication	3,538	4,013
Postage and shipping	6,863	5,936
Rent expense	34,724	25,920
Building repairs and maintenance	2,665	3,329
Insurance expense	16,935	18,248
Utilities	1,467	4,525
Travel expense	18,303	19,212
Agency vehicle expense	6,867	10,677
Staff development and training	5,292	2,077
Subscriptions	660	103
Organization dues	585	860
Equipment repairs and maintenance	3,330	2,026
Advertising	4,261	3,873
Medication expense	202	287
Miscellaneous	1,773	1,710
	<u>1,267,852</u>	<u>1,014,567</u>
Community Mental Health Services Grant - Adults:		
Salaries	9,278	5,337
Employee benefits	2,186	661
Other expense	--	207
	<u>11,464</u>	<u>6,205</u>
Community Mental Health Services Grant - Children & Adolescents:		
Salaries	--	1,947
Employee benefits	--	423
Other expense	--	143
	<u>--</u>	<u>2,513</u>

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WAUBONSIE MENTAL HEALTH CENTER
Operating Expenses - Continued
Year ended June 30,

	<u>2013</u>	<u>2012</u>
Recovery Project:		
Salaries	\$ 56,342	\$ 28,972
Employee benefits	5,222	2,929
Travel expense	6,028	4,311
Other expense	<u>646</u>	<u>625</u>
	68,238	36,837
Peer Support Services:		
Salaries	22,701	21,439
Employee benefits	2,866	2,762
Travel expense	446	431
Other expense	<u>12,163</u>	<u>13,853</u>
	38,176	38,485
Crisis Aversion Project:		
Salaries	--	4,800
Employee benefits	--	--
Other expense	<u>--</u>	<u>--</u>
	--	4,800
Transitional Living Program:		
Housing	12,717	15,020
Other expense	<u>3,615</u>	<u>3,951</u>
	16,332	18,971
	<u>\$ 1,402,062</u>	<u>\$ 1,122,378</u>

See Independent Auditor's Report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
Waubonsie Mental Health Center
Clarinda, Iowa

We have audited the financial statements of Waubonsie Mental Health Center as of and for the year ended June 30, 2013, and have issued our report thereon dated October 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waubonsie Mental Health Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Waubonsie Mental Health Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Center's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors
Waubonsie Mental Health Center

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item 13-I-A to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waubonsie Mental Health Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Response to Finding

Waubonsie Mental Health Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Center's response, we did not audit the Center's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gmewoll, Ben, Kuhn & W. P. C.

Atlantic, Iowa
October 28, 2013

WAUBONSIE MENTAL HEALTH CENTER
Schedule of Findings
Year ended June 30, 2013

PART I - SIGNIFICANT DEFICIENCIES

13-I-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Center. This deficiency is common among most small organizations.

Recommendation: We recognize that it may not be economically feasible for the Center to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Center to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

* * *